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31 January 1984

Memorandum for:

These Talking Points were done to help prepare the
DCI for his meeting with Ambassador Strauss-Hupe.

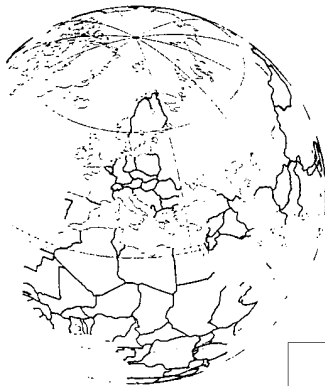
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Turkey: Talking Points for the DCI

1. Since the parliamentary election in November Turkey's transition to democracy has gone smoothly.

- Despite President Evren's opposition to Prime Minister Ozal's party in the election last fall, the two men have settled into a productive working relationship.
- Each remains wary of the other, however, and we believe strains will emerge as the new government struggles to overcome Turkey's serious economic problems, broaden the democratic experiment, guarantee internal security, and pursue a more independent and active foreign policy. []

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2. Ozal has put together a streamlined cabinet of politically unknown technocrats whose primary concern is to rebuild and reform the Turkish economy along free market lines. Because economic policy is Ozal's strongest suit and Evren's weakest, the President is likely to give the new Prime Minister his head as long as he produces good results.

- The government's goals include: controlling inflation -- currently about 35 percent -- increasing exports, and limiting state involvement in industry and trade.
- An ardent monetarist, Ozal plans to keep a tight leash on the growth of the money supply and has criticized the IMF for not being tough enough on Ankara in the past.
- He has lifted most foreign exchange controls as a first step toward making the lira readily convertible on the world market and has eased import restrictions to help dampen inflation. []

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3. Martial law, introduced by the generals shortly after they took power, has brought terrorism under control and will remain in effect at least until March.

- At that time the Grand National Assembly will decide whether to extend it further. It probably will do so but may extend amnesty to some prisoners convicted of less heinous crimes.
- There is great fear -- among both military leaders and the new civilian elite -- that if the government loosens the reins too quickly, Turkey could face a rebirth of terrorist activity that would threaten the democratic experiment. Their fear is well placed. The planning and execution of terrorist acts have both picked up again in Turkey, although terrorism is unlikely in the near future to reach the proportions attained before the coup.

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- However necessary, anti-terrorist efforts are a mixed blessing for Turkey. About 30,000 "political" prisoners remain incarcerated, and the special martial law courts continue to exercise extraordinary powers.
- Over the long term, martial law itself seems incompatible with the development of democracy. Several West European states in particular, are concerned about Turkey's "human rights" policy and are making it difficult for the Ozal government to develop normal political and economic relations with democratic states. [REDACTED]

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4. Municipal elections, scheduled for 25 March, will be a major test for the new government and the democratic experiment.

- The constitution adopted in 1982 established that municipal elections would be held within one year of the first national election held under the new order. The National Assembly's decision to open the contest to all but extremist parties was not blocked by Evren. This will make it a far less restrictive affair than the national election, in which only three parties were permitted to run.
- If the elections go smoothly and power is transferred without serious incident, Turkey's democratic credentials will receive a major boost. But success could have its price, too. It might encourage more splintering of the political party system, thus raising the specter of the very kind of political instability that led to the coup. [REDACTED]

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5. Ozal is intent on instilling Turkey's foreign policy with a new sense of independence and activism. If successful, he will strengthen the credibility and viability of the new experiment in democracy. If he stumbles, Evren will be quick to rein him in. 25X1

- The US will continue to be Turkey's most important foreign partner. [REDACTED]

[REDACTED] We have recently concluded agreements to use Incirlik Airforce Base to help support our troops in Lebanon and to co-produce F-16s in Turkey.

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- The problem of Cyprus threatened this "special" relationship in the mid-1970s and it could do so again. The Turks are afraid that the Turkish Cypriot declaration of independence late last year will move Congress to impose another embargo and are pleading that Cyprus should be kept separate from the US-Turkish security and economic relationship. If Congress does invoke economic sanctions, Ankara is unlikely to buckle and may well retaliate. Turkey could, for example, demand greater financial concessions relating to security agreements, hamper renegotiation of the Defense and Economic Cooperation Agreement that expires in 1985, and downgrade or sever Turkish-Israeli relations.
- The Ozal government wants to improve and expand relations with Western Europe. At stake are EC loans, new markets for Turkish goods, and, ultimately, membership in the Council of Europe and the

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EC. But Ozal will not pursue better relations with Europe at any cost. Ankara believes that it has made great progress in returning to democracy and correcting an admittedly serious human rights problem and resents European "insensitivity" to Turkey's problems. If Europe does not accept Turkey as a legal and political equal or at least recognize the progress already made, Ozal almost certainly will shift the focus of Turkey's foreign policy priorities.

- Plans already are well under way to improve and expand relations with the Islamic world and enhance Turkey's influence in the Middle East, and any further souring of relations with Western Europe will push Ankara even further in that direction. Ozal, a devout Muslim, and Evren are planning several trips in the near future to Islamic countries. Evren recently returned from the Islamic Conference in Casablanca, where he worked to bolster Turkey's ties and stock with several Islamic states. Ozal wants particularly to help negotiate an end to the Iran-Iraq war; expand economic ties with Saudi Arabia, Iran, and Iraq, and secure a Palestinian homeland in the Middle East.

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